

# HOUSE BILL REPORT

## HB 3278

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**As Reported by House Committee On:**  
Commerce & Labor

**Title:** An act relating to making adjustments in the unemployment insurance system to enhance benefit and tax equity.

**Brief Description:** Making adjustments to the unemployment insurance system.

**Sponsors:** Representatives Conway and Dickerson.

**Brief History:**

**Committee Activity:**

Commerce & Labor: 2/2/06 [DP].

**Brief Summary of Bill**

- States legislative findings and an intent to make adjustments to benefit and tax equity that ensure the stability and solvency of Washington's unemployment insurance system.

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### HOUSE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** Do pass. Signed by 5 members: Representatives Conway, Chair; Wood, Vice Chair; Hudgins, Kenney and McCoy.

**Minority Report:** Do not pass. Signed by 4 members: Representatives Condotta, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; Crouse and Holmquist.

**Staff:** Jill Reinmuth (786-7134).

**Background:**

Washington's unemployment insurance system was modified in 2ESB 6097 in 2003. Among other modifications, the bill removed a requirement that these laws be liberally construed and made various changes in benefit calculations. For example, prior to the bill, a claimant's weekly benefit amount was calculated based on 4 percent of the average wages in the two quarters of the base year in which the claimant's wages were the highest. Beginning in January 2005, the weekly benefit amount was based on 1 percent of the claimant's annual wages.

Washington's system was further modified, for a limited time period, in EHB 2255 in 2005. Before July 1, 2007, the requirement that the unemployment insurance system be liberally

construed when interpreting the system was restored. After the bill and before July 1, 2007, the claimant's weekly benefit amount was based on 3.85 percent of the average wages in the two quarters of the base year in which the claimant's wages were highest. The bill also provided for noncharging of certain benefits, made changes to the calculation of the social cost factor, and requisitioned from Reed Act funds certain amounts to be used when paying unemployment benefits. Finally, the Joint Legislative Task Force on Unemployment Insurance Benefit Equity was established to review the unemployment insurance system.

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**Summary of Bill:**

The Legislature finds that maintaining a stable and solvent unemployment insurance system is in the best interests of unemployed workers, businesses, and the state, and intends to make adjustments to benefit and tax equity that ensure the stability and solvency of the system.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Testimony For:** None.

**Testimony Against:** None.

**Persons Testifying:** None.

**Persons Signed In To Testify But Not Testifying:** None.